GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:218
ANSWERED ON:07.08.2006
IRREGULARITIES IN WHEAT IMPORT
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Multi National Companies (MNCs) and private entrepreneurs procured huge quantities of wheat due to delay in declaration of Minimum Support Price (MSP) and lower MSP offered by the Government;

(b) if so, whether the wheat has been imported at a price higher than the market price;

(c) if so, the details and reasons therefor;

(d) whether any subsidy was paid for the import of said wheat;

(e) if so, the details thereof;

(f) whether the imported wheat is proposed to be distributed at the currently prevailing prices under Public Distribution System; and

(g) if so, the details and reasons therefor?

Answer

MINISTER OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION(SHRI SHARAD PAWAR)

(a), (b), (c), (d), (e), (f) & (g):A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (g) OF THE STARRED QUESTION NO. 218 DUE FOR ANSWER ON 07.08.2006 IN THE LOK SABHA.

(a): The Minimum Support Price of Rs. 650 per quintal for wheat was announced on 10.10.2005. Keeping in view the low trend in procurement of wheat, an incentive bonus of Rs. 50 per quintal was announced on 21st April 2006. There has been more active participation by private traders, including Multi National Companies (MNCs), in the purchase of wheat during the Rabi Marketing Season 2006-07.

(b) & (c): It was decided to import wheat to meet the deficit in the stocks of wheat in the Central Pool in relation to the buffer norm and the requirement of the Targeted Public Distribution System (TPDS) and other welfare schemes through imports. Three tenders have been finalized by the State Trading Corporation (STC) for the import of wheat. The weighted average accepted tender rates are as under:

	1st Tender	2nd Tender	3rd Tender
Date of issue of tender	10.02.06	08.05.06	12.06.06
Quantity (lakh tonnes)	5	8	22
Weighted averaged contract price (C&F-FO) Rs./tonne)	7981	8804	9101

These prices were lower than the wholesale prices of wheat in most of the States in the country in the relevant period.

(d) & (e): The import of wheat will be financed, as in the case of domestic procurement, through cash credit limit borrowings from the banking system. The difference between the economic cost of the imported wheat and the sales realization at the time of issue under the TPDS and other welfare schemes will be released to the Food Corporation of India (FCI) as food subsidy.

(f) & (g): Imported wheat is being issued under the TPDS at the existing Central Issue Prices (CIPs), which are as under:-

(Rs./per quintal)

Category	Wheat

APL 610
BPL 415
AAY 200